

OUTSIDE the BORDER

There's a lot of information available, if you just know where to look for it.

THINKING

By
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Cultice



For **Maria de Lourdes Sobrino**, it all began in 1982 with nothing but a small storefront in Southern California, a milk crate for a chair, and her mother's Mexican-style recipe for gelatin.



From those humble beginnings, Maria, known as Lulu to her friends and customers, began preparing tasty desserts, including jiggly fruit-flavored treats known as “gelatina” in Spanish. This year, Sobrino’s company, **LuLu’s Dessert** of Anaheim,

California, is expected to reach \$10 million in sales, and with new flavors such as *Orange Blast* and *Fruit Fanta-sia*, she is hoping for even more growth.

Sobrino can attribute some of her success to making savvy business decisions along the way, including her decision to export. The veteran businesswoman first tried her hand at exporting to Mexico in the early 1990s, but she was inexperienced in the process, having only sketchy information on potential distributors of her product and little knowledge of how to ensure that they were qualified and legitimate. That all changed, however, when she learned about the Los Angeles Office of the U.S. Commercial Service, where she received export counseling,

market research data, and access to key contacts at the California Trade and Commerce Agency and the U.S. Agricultural Trade Office. As a result, she experienced greater success in selling to Mexico. Today, her company competes with local food manufacturers in Mexico, having contracts at grocery chains in Mexico like Wal-Mart and OXXO, as well as an exclusive distributor-

ship in the Mexican state of Baja California.

“If only I had known then what I know now about the availability of export resources such as the U.S. Commercial Service and the Export-Import Bank,” Sobrino says. “I spent 10 years trying to make international sales, and continued to run into all kinds of problems, especially with buyers who wouldn’t pay or couldn’t afford letters of credit.” Today, Sobrino has far-reaching goals for LuLu’s Dessert and expects to expand her international sales beyond Mexico.

As an increasing number of minority and women’s business enterprises (M/WBEs) enter the marketplace, more and more firms like LuLu’s Dessert are cashing in on the growing world market for U.S. goods and services and are finding great success in expanding sales beyond their own borders. What kinds of companies are exporting? All kinds—from mom-and-pop operations to mid-sized service companies. You don’t have to be big to be a successful exporter, but you do have to be diligent, patient, and ready to call on the expertise of the **U.S. Department of Commerce**. Last year, the Department’s U.S. Commercial Service helped generate more than 11,400 exports worth \$26 billion, many of them for small, minority-, and woman-owned firms.

“Now in our 25th year, the U.S. Commercial Service provides export solutions for U.S. companies and looks out for American business interests abroad,” says **Jacquie Hayes-Byrd**, executive director of the **U.S. Commercial Service’s Global Diversity Initiative**. “We have a seamless network of offices in 108 U.S. cities and more than 150 posts in over 80 countries, so we are well-connected and know the key players. This network of specialists plays an integral role in providing the



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in-depth counseling that our clients need. We provide an array of services, including export counseling, market entry strategies, videoconferencing, international partner searches, trade events, pre-arranged business appointments abroad through our Gold Key Service, and much more."

Opportunities for M/WBEs

The potential to increase export sales among minority- and woman-owned firms is great. According to newly released U.S. Department of Commerce statistics, minority groups and women are increasing their business ownership at a much higher rate than the national average. For example, while the number of U.S. businesses increased by 10 percent between 1997 and 2002 to 23 million, the growth rate for minority- and woman-owned businesses was far higher, ranging from a 20 percent growth rate among woman-owned businesses to a 67 percent growth rate among Native Hawaiian- and other Pacific Islander-owned businesses. While there are the traditional minority neighborhood businesses, the dynamics are changing as well, and more minority businesses are sharing a global perspective, according to Hayes-Byrd.

"With exporting becoming easier than ever in today's global economy, exporting enables firms to grow and compete, allowing them to diversify their portfolios and weather the changes in the domestic economy," she says. "Exporting is not risk-free,

but the bigger risk is not looking beyond our borders to make sales. Ninety-five percent of the world's consumers live outside of the United States, so companies need to take ad-



Maria de Lourdes "Lulu" Sobrino

vantage of these market opportunities. Many minority business owners begin exporting by selling back to their native countries because they know and understand their own culture. Once they have made their first export sale, they frequently branch out to develop regional exporting strategies. Exporting is good for the bottom line and for creating jobs in the local community."

While there is great potential for M/WBEs in exporting, the U.S. Commercial Service has found that few are aware of the services and programs available to them under the Global Diversity Initiative (GDI), which serves as an advocate on trade issues for small, minority-, and woman-owned firms. Through its

outreach efforts, the GDI partners with trade organizations, chambers of commerce, and business associations; participates in seminars and workshops; and provides trade information through newsletters and statistics. The initiative also works nationwide to increase local awareness of exporting opportunities and programs available through its network of Export Assistance Centers.

This past year, the GDI conducted a 20-city outreach tour setting up a series of roundtables for woman-owned businesses at the centers. Altogether, approximately 500 women business owners, organizations, chambers of commerce, and other leaders in the local women's business communities benefited from trade education and participated in export workshops targeting non-exporting or new-to-export woman-owned businesses. The

GDI has also begun a partnership with the Minority Business Development Agency within the Department of Commerce to ensure that minority-owned businesses receive information on the services available to them through the Export Assistance Centers.

"Small and minority-owned firms face many of the same challenges in

exporting as the larger business community as a whole," Hayes-Byrd says. "Most businesses that the Commercial Service assists are seeking qualified distributors/partners and information about foreign regulatory requirements on their

products. This is crucial. A company that chooses the wrong distributor or market can spend years trying to rectify the situation, losing valuable



Jacquie Hayes-Byrd

On the Net

For more information about the U.S. Commercial Service worldwide network, call 1/800/USA-TRADE or visit <http://www.export.gov>.



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time and resources.”

The GDI has also addressed a concern for many small business owners: access to capital. Because many minority and women business owners rely on the earnings of their business and their own private resources for ongoing financial needs, they are often looking for other avenues to assist them in branching out. To address this concern, the Commercial Service has established working relationships with the U.S. Small Business Administration and the Export-Import Bank.

Success Stories

While experts like Hayes-Byrd agree that “the rewards can be great” within exporting, perhaps no one knows that better than the many minority and women entrepreneurs who have benefited directly from the Global Diversity Initiative.

An entrepreneur at heart, **Ernest P. Joshua** always had an interest in hair care, and as a youth, he admired the different hairstyles of African Americans. So he took it a step further, and after learning from a mentor in the hair care business, he started his own company, **JM Products, Inc.** Today, his Little Rock,

Arkansas-based firm is a leader in the African American hair care industry, manufacturing a complete line of shampoos and conditioners used by many ethnic groups. The firm has expanded its international sales by selling to Ghana and Jamaica, and frequently utilizes U.S. Commercial Service programs through the Little Rock U.S. Export Assistance Center.



Sandra Givens

Joshua participated in a Commerce Department trade mission to South Africa where he met key business contacts that led to new sales to that country. More recently, the firm was on the verge of making new-to-market sales to Kuwait, but could not complete the transaction because of Kuwaiti documentation requirements. Turning to the Commercial Service, the firm received key assistance on which documents would be required, the process for obtaining them, certification procedures, and how to properly complete the paperwork. The Commercial Service worked with the Kuwait Ministry of Health in securing final documentation enabling the shipment to be sent to Kuwait. Finally, the service helped him gain access to financing resources through the U.S.

Export-Import Bank

“Exporting is more than just making something and selling it,” says Joshua’s daughter, **Sandra Givens**, who now oversees the company’s exporting efforts. “Depending on your product line, you must be aware of all the required documentation, shipping standards, and possible content regulations to make a successful sale, and this is where the Commercial Service proved invaluable to our company.”

Another entrepreneur who has found success in exporting is **Hisham Fawzi**, president of **Excel Holdings, Inc.**, a small firm in Leesburg, Virginia, that develops and markets a patented line of machines that convert moisture from the air into



Hisham Fawzi

drinkable water. “I had a tough time convincing people until they actually saw it,” Fawzi explains. “It sounds like science fiction, but our Water Finder machines are real, affordable and working to quench the thirst of customers around the world.” After making some sales domestically, Fawzi soon began looking for ways to expand into international markets.

“I thought my product had excellent export potential,” Fawzi says. “The real challenge for me was to find distributors who could make sales and provide service to our customers, because hooking up with

Middle East/North Africa Business Information Center

The U.S. Commercial Service’s new Middle East/North Africa Business Information Center is the first comprehensive U.S. federal government resource aimed at helping American businesses take advantage of the integration of Middle Eastern countries into the global economy. The site features practical information that the American exporter can use to achieve tangible commercial results including: country- and industry-specific information, exporting steps and tips, current market research, timely export leads, upcoming trade events, and vital regulatory information. For more information, visit <http://www.export.gov/Middleeast>.



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the wrong partner can really set you back.”

Looking for a solution, Fawzi heard about the U.S. Commercial Service through a mutual friend and contacted the Northern Virginia U.S. Export Assistance Center. After meeting with trade specialists, it was suggested that he participate in the Gold Key Program, which sets



Theresa True

up appointments with pre-screened distributors abroad.

“Those personal introductions were critical to my business, and I ended up signing distributorship agreements for six countries,” Fawzi says. “My first sale was to Singapore, for a contract worth \$50 million.” The other countries were China, Thailand, Indonesia, Australia, and Brunei.

Fawzi has also participated in a Commercial Service-supported trade mission to Mexico, where he made a contact that led to a \$35 million sale of the firm’s 5-gallon-a-day Water Finder units to a distributor in Mexico. Excel Holdings currently markets its products in more than a dozen countries, with many more potential customers in the waiting.

Theresa True, the executive director of **Ancient Storytellers Tours** in Northern New Mexico, has been able to share her Pueblo culture through traditional dancing and storytelling at cultural events in Germany and Japan, as well as promote the tour programs that her organization offers, thanks to the U.S. Commercial Service. In both 2004 and 2005, Ancient Storytellers

participated in a travel and tourism show in Berlin as part of a Native American booth, which was funded by the U.S. Commercial Service’s Rural Export Initiative and GDI programs.

At the 2004 show, True met with established travel writers and connected with a German tour operator who specialized in Native American tours. As a result of that meeting, and a follow-up visit to her office in New Mexico by the tour operator, the tours offered by Ancient Storytellers have been included in the operator’s 2005 catalog and on their website. Ancient Storytellers also gained significant exposure during a cultural



Jamal Qureshi

event organized by the U.S. Commercial Service offices in Frankfurt and Berlin. At the event, 11 American Indian tribes had an opportunity to highlight their respective cultures to an audience of more than 400 people.

“Without the matchmaking assistance from the U.S. Commercial Service, we would not have been able to generate the interest of international travelers to visit our pueblos,” True says. “Tourism activities on our pueblos generate income for the entire Pueblo business community and help us sustain our culture.”

Founded in 1998 by **Jamal Qureshi**, **JQ American Corporation** of Hayward, California, specializes in the supply and distribution of products and services to oil, laboratory, medical, pharmaceutical, and chemical institutions. The

firm utilized the U.S. Commercial Service’s Oakland U.S. Export Assistance Center and overseas posts for export counseling, market research, and pre-arranged business appointments abroad through the Gold Key Service. Together, with the collaboration of financing agencies such as the U.S. Export-Import Bank, JQ American was able to make new-to-market sales to Morocco, Algeria, and Egypt.

With Commercial Service assistance, the firm also landed a contract with the United Nations to outfit a hospital in Kosovo with medical supplies in 2003, and recently made export sales of medical and laboratory equipment to Iraq. Exports now account for nearly 90 percent of JQ American’s total sales and include more than 15 countries. The firm has since added new employees and has been recognized with the President’s “E” Award for exporting.

“My business is heavily export-driven, and if it weren’t for the U.S. Commercial Service, I wouldn’t have achieved the success I have today,” says Qureshi. “My advice to other companies is to take advantage of this invaluable government service.” ♦

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***U.S. Commercial Service.** Founded in 1980 by the U.S. Department of Commerce, the Service helps U.S. companies, particularly small*

and medium-sized businesses, make sales in international markets.

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